

EX-99.1 4 dex991.htm PRESS RELEASE

EXHIBIT 99.1

Nov. 3, 2003

Media:

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DYNEGY ANNOUNCES AGREEMENT WITH EXELON
ON SALE OF ILLINOIS POWER ASSETS

- \$2.225 billion sales transaction will significantly strengthen Dynegy and Illinois Power's financial condition
 - o \$1.8 billion of Illinois Power debt will be assumed by Exelon at closing
 - o \$425 million to be received by Dynegy
 - o \$2.3 billion intercompany note will be eliminated
- Companies to establish a six-year agreement through which Exelon will purchase 6,000 megawatts of generating capacity to serve Illinois markets

HOUSTON (Nov. 3, 2003) – Dynegy Inc. (NYSE: DYN), the parent company of Decatur, Illinois-based utility Illinois Power Company, today announced that it has entered into an agreement with Exelon Corp. (NYSE: EXC) through which Exelon will acquire substantially all of the assets and liabilities of Illinois Power. The assets included in the transaction consist of approximately 40,000 miles of electric transmission and distribution lines, more than 750 miles of natural gas transmission pipe and 7,600 miles of natural gas distribution lines. Illinois Power, which has more than 1,800 employees and approximately 590,000 electricity customers and 415,000 natural gas customers across northern, central and southern Illinois, currently comprises Dynegy's regulated energy delivery reporting segment.

Under the terms of the agreement, which has been approved by each company's board of directors, Exelon will acquire Illinois Power for \$2.225 billion. The purchase price includes the

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**DYNEGY ANNOUNCES AGREEMENT WITH
EXELON**

assumption of all of Illinois Power's debt, estimated to be approximately \$1.8 billion at closing, a \$150 million promissory note and approximately \$275 million of cash, subject to working capital adjustments. The promissory note bears interest at 5 percent per annum, matures in December 2010 and is subject to mandatory prepayment or extension upon the occurrence of certain events, including those relating to ratings upgrades obtained by Dynegy and contingent environmental liabilities retained by Illinois Power.

"Restoring the balance sheets of both Dynegy and Illinois Power and creating financially stronger companies are the right things to do for all of our shareholders, employees, the banks and bondholders, and the communities in which we operate," said Bruce A. Williamson, president and chief executive officer of Dynegy Inc. "The improvements we achieved in our financial position over the last year have enabled us to pursue a new strategic direction for Dynegy, and we decided that Illinois Power will be better placed with a proven leader in the regulated utility industry," he added.

"This transaction will propel Dynegy toward growth opportunities in the unregulated energy segments where we have significant competitive advantages, market share and value-creation potential," Williamson said. "It also represents yet another important milestone in our ongoing efforts to strengthen Dynegy and Illinois Power's financial condition, improve liquidity and reduce debt."

In a related agreement that is conditioned upon the closing of the transaction, Dynegy has contracted to sell 6,000 megawatts (MWs) of generating capacity to an Exelon subsidiary for six years beginning in January 2005. The capacity, which will be provided by Dynegy's coal-fired baseload facilities in Illinois, natural gas-fired peaking facilities developed by the company throughout the region and one of Dynegy's tolling contracts, will be used by Exelon to meet its customer demand.

Under this agreement, Exelon will purchase 2,900 MWs of capacity and energy from Dynegy's peaking facilities and the tolling arrangement. Also as part of the agreement, Exelon will purchase 3,100 MWs of capacity only from Dynegy's baseload coal fleet. Dynegy will dispatch and sell the energy from these coal assets into the Illinois wholesale marketplace. It is anticipated that this arrangement will be in place concurrently with the termination of Dynegy's power purchase agreement with Illinois Power and the closing of the transaction.

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**DYNEGY ANNOUNCES AGREEMENT WITH
EXELON**

"The success of Dynegy, Illinois Power and the state of Illinois is linked to our ability to serve the market with low-cost reliable power that will, in turn, help fuel economic growth in the state," Williamson said. "With more than 600 generation employees and significant power plant operations in Illinois, as well as a six-year, 6,000 megawatt agreement with Exelon that will utilize both our in-state and newly developed regional generation assets, Dynegy will remain committed to serving Illinois' electricity needs following the completion of the transaction."

The sale is conditioned upon, among other things, the receipt of approvals from the Illinois Commerce Commission, the Federal Energy Regulatory Commission, the Securities and Exchange Commission, and other governmental and regulatory agencies. In addition, the passage of legislation that is expected to be introduced in the Illinois General Assembly during its November session is necessary to facilitate the acquisition. Pending these approvals, the acquisition is expected to close in the fourth quarter of 2004.

Dynegy will use the cash proceeds from the transaction to reduce debt. Assuming a fourth quarter 2004 closing, the sale of Illinois Power is expected to be accretive to Dynegy's liquidity position and cash flow in 2005 and beyond. The company expects to incur a loss resulting from the transaction.

Credit Suisse First Boston acted as the financial advisor to Dynegy in connection with the transaction.

Dynegy Inc. provides electricity, natural gas and natural gas liquids to wholesale customers in the United States and to retail customers in the state of Illinois. The company owns and operates a diverse portfolio of energy assets, including power plants totaling approximately 13,000 megawatts of net generating capacity, gas processing plants that process more than 2 billion cubic feet of natural gas per day and approximately 40,000 miles of electric transmission and distribution lines.

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Certain statements included in this news release are intended as "forward-looking statements." These statements include assumptions, expectations, predictions, intentions or beliefs about future events, particularly the consummation of the sale of Illinois Power Company's assets, the resulting improvement of Dynegy's liquidity and cash flow in 2005 and beyond and the effectiveness of a generating capacity arrangement with a subsidiary of Exelon. Dynegy cautions that actual future results may vary materially from those expressed or implied in any forward-looking statements. Some of the key factors that could cause actual results to vary materially from those expressed or implied include the receipt of required regulatory approvals, which are significant, and the satisfaction of other conditions precedent to the consummation of the transaction. There can be no assurance that such conditions will be satisfied or that such transaction will be consummated. More information about the risks and uncertainties relating to these forward-looking statements are found in Dynegy's SEC filings, which are available free of charge on the SEC's web site at <http://www.sec.gov>.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934****Date of Report (Date of earliest event reported)
November 17, 2003**

DYNEGY INC.**(Exact name of registrant as specified in its charter)****Illinois**
(State or Other Jurisdiction
of Incorporation)**1-15659**
(Commission File Number)**74-2928353**
(I.R.S. Employer Identification No.)**1000 Louisiana, Suite 5800
Houston, Texas 77002**
(Address of principal executive offices including Zip Code)**(713) 507-6400**
(Registrant's telephone number, including area code)**N.A.**
(Former name or former address, if changed since last report)

Item 5. Other Events.

On November 17, 2003, Bruce A. Williamson, President and Chief Executive Officer of Dynegy Inc., provided testimony to the Illinois General Assembly relating to the agreed sale of substantially all of the assets and liabilities of Illinois Power Company, Dynegy's regulated electric and natural gas utility subsidiary, to a subsidiary of Exelon Corporation. The testimony was presented in connection with certain proposed legislation that would permit the Illinois Commerce Commission to review the transaction within a nine-month period. A transcript of Mr. Williamson's prepared testimony is attached hereto as Exhibit 99.1 and incorporated herein by this reference.

This testimony contains statements intended as "forward-looking statements." These statements include assumptions, expectations, predictions, intentions or beliefs about future events. More information about the risks and uncertainties relating to these forward-looking statements are found in Dynegy's SEC filings, including its Annual Report on Form 10-K for the year ended December 31, 2002, as amended, and its Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, which are available free of charge on the SEC's web site at <http://www.sec.gov>.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

- (a) Financial Statements: Not applicable
- (b) Pro Forma Financial Information: Not applicable
- (c) Exhibits:

<u>Exhibit No.</u>	<u>Document</u>
99.1	Transcript of the testimony of Bruce A. Williamson as delivered to the Illinois General Assembly on November 17, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DYNEGY INC.
(Registrant)

Dated: November 18, 2003

By: /s/ J. KEVIN BLODGETT

Name: J. Kevin Blodgett
Title: Corporate Secretary

EXHIBIT INDEX

Exhibit No.	Document
99.1	Transcript of the testimony of Bruce A. Williamson as delivered to the Illinois General Assembly on November 17, 2003.

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Exhibit 99.1

**BRUCE A. WILLIAMSON
PRESIDENT AND CEO
DYNEGY INC.**

Testimony to the Illinois General Assembly

November 17, 2003

Good afternoon Mr. Speaker, Chairman Davis and members of the committee. My name is Bruce Williamson and I am president and chief executive officer of Dynegy Inc. I also serve as a member of the company's board of directors.

Dynegy provides electricity, natural gas and natural gas liquids to wholesale customers in the United States and to retail customers in the state of Illinois. We own and operate a portfolio of energy assets that consists of:

- Power plants totaling approximately 13,000 megawatts of generating capacity, including more than 4,200 megawatts in the state of Illinois and 1,800 more in nearby states serving this market;
- Gas processing plants that process more than two billion cubic feet of natural gas per day; and
- Through our regulated energy delivery subsidiary, Illinois Power, approximately 40,000 miles of electric transmission and distribution lines and 8,000 miles of gas pipelines and related facilities.

In the way of background, I assumed my position with Dynegy approximately one year ago, in October 2002. In this role, I am committed to serving six major stakeholder groups:

- More than 4,000 Dynegy employees across the country, including 1,800 at Illinois Power;
- Wholesale and retail customers, who buy electricity, natural gas liquids and natural gas from us;
- Suppliers of fuel to our power plants and raw production to our gas processing facilities, fractionators and other facilities;
- Banks and bondholders, all of whom have invested their capital with the company and taken risk with us, along with the credit rating agencies;
- Our equity shareholders; and
- The legislators and regulators who govern our country and oversee our industry.

Upon my arrival at Dynegy, I found a company with dedicated and diligent employees and safe, substantial and efficient assets – the essential elements of any successful company and strong building blocks for the future. What I also found, however, was a company – two companies if you choose to think of Dynegy and Illinois Power as separate entities – in serious financial distress.

What caused these companies to be distressed? For Dynegy, many like to point to a series of issues and challenges, including a terminated merger with Enron, fallout from the California energy crisis, governmental investigations, and the continued slowdown of the U.S. economy – all of which occurred over an 18-month period beginning in the fourth quarter of 2001. These are all accurate reasons for Dynegy's distress. And while they are all true, there is a root cause not included in this list. While growing and expanding rapidly, Dynegy built power plants around the country and funded the construction of these plants with debt. Dynegy simply borrowed far too much money while building power plants and growing.

In Illinois Power's case, too much debt and building power plants are also the root causes of its financial distress. There were no complex reasons for the distress, nor did Dynegy cause it. Illinois Power racked up billions of dollars of debt long before they ever heard of Dynegy. The company incurred well in excess of \$2 billion dollars of debt building the Clinton nuclear facility, which, incidentally, neither Illinois Power nor Dynegy even own today.

So, in reality, Dynegy's and Illinois Power's use of debt are quite similar. Both companies simply borrowed too much money as they built facilities to serve their markets. Each company did it on its own and has no one else to blame.

Following the merger, Dynegy inherited Illinois Power's debt via consolidation. The idea was that since Illinois Power could not make enough to repay the debt, by combining with a growing and expanding national energy merchant, Dynegy would over time repay Illinois Power's debt via intercompany payments. Dynegy has done just that by reducing Illinois Power's debt and preferred obligations as they have come due by more than \$700 million dollars. These repeated infusions of cash come through the intercompany note, so I hope you can see Dynegy has done the right thing by sending money to Illinois Power to pay down this old debt load.

In addition, in looking at Illinois Power's independent financial statements, you will see it is clearly the smallest of our three operating businesses in terms of earnings. Illinois Power also has produced very limited cash flow and incurs significant capital expenditures each year. For example, year-to-date 2003, Illinois Power has generated operating cash flow of \$85 million and spent more than \$100 million dollars in capital expenditures. This means Illinois Power has spent \$15 million dollars more than it has made. It is important to note that much of Illinois Power's capital expenditures are not tangible assets, but are, in fact, labor, which is capitalized. So, another part of the value equation here is the staffing levels at Illinois Power.

Faced with the business environment realities we have today and our debt issues, we considered three choices for Dynegy and Illinois Power:

- File for Chapter 11 bankruptcy protection;

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- Do nothing and hope the situation would work itself out; or
 - Execute a comprehensive self-restructuring program.

We chose to take responsibility and self-restructure. We knew it was the right thing to do for all our stakeholders. But, we also knew that we would have to make significant changes and transformations – chiefly in the form of sweeping cost reductions and sales of non-core assets – to reach a sustainable long-term capital structure.

We have done all of these things at Dynegy's other business segments and in corporate. We have substantially wound down our third-party marketing and trading, and we sold our communications business and various power generation facilities that we held a minority ownership interest in. We have lowered our debt and other obligations by \$1.5 billion, including Illinois Power, and we have greatly simplified our capital structure by reducing many layers of debt, which created significant structural subordination. Our progress has been very positive, but we have not changed much at Illinois Power. We realized another basic truth: That we would be unable fix all of Dynegy as quickly as we want to for our stakeholders without also addressing Illinois Power's issues.

Thus, one key element of our restructuring program is the sale of Illinois Power to Exelon. After careful consideration of our business challenges and Illinois Power's debt and cash flow issues, as well as other Illinois stakeholders who do not want to see significant changes in the number of people employed at Illinois Power, we determined that the best course of action was to pursue a sale. Our goal was to combine Illinois Power with a qualified and financially stronger company with core competencies in the regulated energy delivery business.

To do this, we retained an investment banking company and approached several parties that we thought would be interested in acquiring Illinois Power. We initiated an auction process during the summer. Several parties actively participated in this process, although many chose not to. A few submitted indicative value range bids. We reviewed all the responses carefully, met with management of each of the bidders, and considered their financial viability and ability to be a good steward of Illinois Power. We then concluded that Exelon's proposal was the strongest overall package for all of the stakeholders.

I would now like to take a minute to explain why we believe this transaction makes sense. Exelon's proposal will:

- Preserve jobs in the state of Illinois;
- Allow for even more investment in infrastructure for enhanced energy reliability throughout the state. I would point out that we have not curtailed any required investment, but Exelon is better positioned to invest for anticipated future needs if they have regulatory rate certainty;

- Result in greater support for community-based organizations and causes in Illinois. We have had to curtail our community support sharply and will, in all likelihood, have to lower our contributions even further in 2004; and
- Likely lead to lower rates in 2007 than if Illinois Power remained a part of Dynegy because Exelon is willing to deploy its financial strength to deal with Illinois Power's old debt load from the Clinton nuclear facility. By the way, Clinton is now a reliable well-run asset under the management of one of the best nuclear managers in the country, Exelon.

Our power sales agreement will dedicate 6,000 megawatts of generating capacity to the state through an "arms-length" power purchase arrangement, which will be used by Exelon to serve customer demand throughout Illinois. This supply will be provided by former Illinois Power coal-fired assets, as well as approximately 3,100 megawatts of new gas-fired generation built by Dynegy over the past few years.

And finally, it will put Illinois Power and its employees in the hands of a financially stronger, Illinois-based company. Exelon is a proven leader in the regulated energy business and, with investment-grade ratings from the three credit rating agencies, is in a far better position to improve Illinois Power's financial condition faster than Dynegy would be for the foreseeable future.

I would add that in the end, it comes down to people doing the right thing and being responsible leaders. I can assure you of one thing: John Rowe is one of the most responsible leaders in the energy business. You will not find an individual more dedicated to your state or committed to doing the right thing to ensure safe, reliable delivery of energy to all consumers.

Now that we all understand the real history of the financial difficulties of Illinois Power, I would like to close with a few comments on the proposed legislation to be considered in this veto session and, importantly, how it relates to our December 31, 2004 closing deadline. For a number of reasons, this deadline was, and continues to be, a critical point for Dynegy and Exelon.

Some have suggested that passage of the proposed legislation in the veto session is not crucial to meeting this deadline, and point to language in the purchase agreement that allows for the possibility of legislation in the spring session rather than the veto session. At the time the contract was negotiated, the parties contemplated a six-month Illinois Commerce Commission review of the deal. With a six-month review period, it was still possible – although difficult – to have legislation passed in the spring session and close the deal by December 31. With the proposed legislation now changed from a six-month Illinois Commerce Commission review period to a nine-month review period in response to issues expressed by some constituents, it would be virtually impossible to close the deal by December 31, unless the legislation is approved in the veto session.

Be that as it may, John and I have made our careers by doing the right thing, and we will do everything we can to close by December 31, 2004. However, it really must be dealt with in this

session or we may have to cancel the agreement by mutual consent and move on with our respective companies and obligations to our stakeholders.

I want to be clear: I am not suggesting that Dynegy would face a dire financial situation if the legislation does not pass and the proposed transaction does not move forward. We are a viable company and would remain so with or without a sale of Illinois Power. But we are presenting you with an opportunity to deal with the old unresolved debt issue in a way that delivers some unique opportunities for the state if you want both long-term lower rates and jobs maintained at about the current level.

We have moved aggressively to cut costs in all areas of Dynegy – except for Illinois Power. So, perhaps the more important question is: Would we need to move forward with our ongoing self-restructuring program and immediately address Illinois Power's financial issues in order to provide greater certainty to our stakeholders? Yes we would.

If Dynegy retains ownership of Illinois Power, we would, under the circumstances, need to make rational economic decisions and execute three strategies in the near-term:

- Implementation of comprehensive cost-savings initiatives, including significant work force reductions, to improve Illinois Power's cost structure by bringing operating and capitalized labor expenses in line with the company's cash flow. As an example, Illinois Power is the only one of our three business segments with independent business administrative functions. We would need to look for consolidation opportunities whereby these duties would be handled out of our headquarters office in Houston, Texas. This is where we already run all administration for business units spanning from New York to Florida to California. In short, all of the United States, except for Illinois Power. When we implemented the consolidation of administration of our power generation and natural gas liquids businesses, significant reductions in staffing, as well as business process efficiencies were immediately realized.
- A request before the Illinois Commerce Commission to consider a rate plan in advance of 2007. Perhaps not now in 2003, but as soon as possible and given the long statutory approval process, in about one year. And in the interest of full disclosure, we would anticipate that our rate request would be higher than the one Illinois Power and Exelon would propose if the current legislation is enacted; and
- A status quo renewal of the power purchase agreement between Illinois Power and Dynegy Midwest Generation. This would mean that there would be several thousand megawatts less generating capacity dedicated to the state, as compared to the agreement that is part of the proposed transaction. Again, please bear in mind that in the proposed transaction we are dedicating clean natural gas-fired assets, which may not run as much today, but are sorely needed when needle peaks occur in hot summer months and when the economy improves.

Chairman Davis and members of the committee, it was not my intention to appear before you today with a doomsday scenario. Since my first day at Dynegy, I have tried to be as open and

candid as possible when dealing with our stakeholders. You certainly deserve no less. What I am presenting to you is not emotionally charged rhetoric. It is simple math. If Illinois Power remains part of Dynegy, it will need to cut costs or raise rates or both.

Some people only want lower rates. They are missing the economic reality of the sheer volume and the real source of Illinois Power's debt. Some people only want to ensure employment is maintained at present levels. They are missing the economic reality of the cost structure that cannot be sustained.

I said earlier that Dynegy had three alternatives. Chapter 11 is not appropriate. We are executing a self-restructuring. The best that can be said for those who oppose the rates we are discussing and the cost reductions that will have to take place to align costs with business realities is they are pursuing that third possible path: Hope. But hope is not a strategy.

Based on the business realities we would face if Illinois Power remains a part of Dynegy, I feel it is important to provide you with an honest, accurate picture of what we would need to do to address Illinois Power's financial issues. It is not what you hope for, and I regret that. But it is an honest, pragmatic and dispassionately realistic portrayal.

I was hired by Dynegy's board of directors to fix this company. And when I say "this company," I mean all of Dynegy, and therefore, I was hired to "fix" Illinois Power as long as we own it.

Fixing both companies is simply the right thing to do for all of our employees, customers, suppliers, and the communities in which they serve and operate. It is the right thing to do for the banks, bondholders and shareholders who have capital employed in Dynegy and Illinois Power. And, it's the right thing to do for the broader purpose of energy supply integrity for the state of Illinois.

When it comes to fixing the balance sheets, we cannot improve the balance sheet of Dynegy at the expense of Illinois Power, and we cannot improve Illinois Power at the expense of Dynegy. Dynegy and Illinois Power are linked, and can only move forward together as they get repaired at the same rate.

A far better alternative is a sale on the agreed upon terms with Exelon. After a sale, should one happen, Dynegy would remain one of the largest suppliers of energy to the state of Illinois, and Illinois would continue to be one of our largest bases of assets and employees. Illinois Power will be in the hands of a company dedicated to the regulated delivery business and one that can solve the problem of Illinois Power's financial situation without as high a rate increase or as significant cost reductions.

Our collective success – Dynegy's, Illinois Power's, Exelon's and the state of Illinois' – are linked to that of our customers, and our ability to be there to serve the markets with low-cost, reliable power to fuel economic growth in the upper Midwest.

Thank you for your time and consideration today.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K**CURRENT REPORT****PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934****Date of Report (Date of earliest event reported)**
November 22, 2003

DYNEGY INC.**(Exact name of registrant as specified in its charter)****Illinois****(State or Other Jurisdiction of Incorporation)****1-15659****(Commission File Number)****74-2928353****(I.R.S. Employer Identification No.)****1000 Louisiana, Suite 5800****Houston, Texas 77002****(Address of principal executive offices including Zip Code)****(713) 507-6400****(Registrant's telephone number, including area code)****N.A.****(Former name or former address, if changed since last report)**

Item 5. Other Events.

On November 22, 2003, Dynegy Inc. ("Dynegy"), the ultimate parent company of Illinois Power Company ("Illinois Power"), and Exelon Corporation ("Exelon") issued a joint press release announcing that the Illinois General Assembly did not act in the fall legislative session to approve the legislation necessary to facilitate Exelon's proposed acquisition of Illinois Power. In the absence of the legislation, Dynegy and Exelon terminated the existing agreement through which Exelon would have acquired substantially all of the assets and liabilities of Illinois Power.

A copy of the November 22nd joint press release is attached hereto as exhibit 99.1 and is incorporated herein by this reference. The press release contains statements intended as "forward-looking statements" which are subject to the cautionary statements about forward-looking statements set forth therein.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements: Not applicable

(b) Pro Forma Financial Information: Not applicable

(c) Exhibits:

<u>Exhibit No.</u>	<u>Document</u>
99.1	Joint press release dated November 22, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DYNEGY INC.
(Registrant)

Dated: November 24, 2003

By: /s/ J. KEVIN BLODGETT

Name: J. Kevin Blodgett
Title: Corporate Secretary

EXHIBIT INDEX

Exhibit No.	Document
99.1	Joint press release dated November 22, 2003.

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EXHIBIT 99.1

FOR IMMEDIATE RELEASE**November 22, 2003**

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John Sousa or David Byford, Dynegy Public Relations
713-767-5800

Analysts: Katie Pipkin or Jennifer Rosser, Dynegy Investor Relations
713-507-6466

Linda Byus or Marybeth Flater, Exelon Investor Relations
312-394-7696 312-394-8354

**DYNEGY, EXELON TO TERMINATE AGREEMENT
REGARDING SALE OF ILLINOIS POWER ASSETS**

HOUSTON and CHICAGO (November 22, 2003) – Dynegy Inc. (NYSE: DYN), parent company of Illinois Power, and Exelon Corporation (NYSE: EXC), parent company of ComEd, today acknowledged their disappointment that the Illinois General Assembly did not act in the fall legislative session to approve the legislation necessary to facilitate Exelon's proposed acquisition of Illinois Power, but both companies expressed their appreciation for the support they received from many legislators and labor and community organizations.

In the absence of the legislation, Dynegy and Exelon announced that they will terminate the existing agreement through which Exelon would have acquired substantially all of the assets and liabilities of Illinois Power. Dynegy and Exelon said that the current legislative and regulatory environment made it impossible to complete the transaction in accordance with the original agreement.

"Exelon's acquisition of Illinois Power would have been good for the state of Illinois. While we are disappointed that the legislation did not pass, we must now focus on the future with Illinois Power as a part of our organization," said Dynegy Inc. President and CEO Bruce A. Williamson. "Our first priority will be to improve Illinois Power's financial condition by creating a sustainable cost structure for this business. We will work closely with the Illinois Commerce Commission and the unions throughout this process.

"We will ensure safe, reliable and affordable service for our electricity and natural gas customers in Illinois while we restructure Illinois Power to make it a sustainable business and implement changes as soon as possible to cut costs," Williamson added.

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DYNEGY, EXELON TO TERMINATE AGREEMENT
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According to Exelon Chairman and CEO John W. Rowe, "I really believe that this transaction would have benefited the state of Illinois, our customers, our investors, and certainly the employees of Illinois Power. Given the outcome of the legislation, the terms of the current acquisition agreement cannot be met. Exelon recognizes that it is not in the interest of the customers, employees or investors of either company to pursue a deal that no longer has a realistic chance of successful completion. We recognize Dynegy's need to pursue other business plans for Illinois Power."

The legislation that Exelon and ComEd had originally proposed, which was contained in House Bill 2200, would have allowed many of the regulatory issues to be addressed in a single Illinois Commerce Commission (ICC) proceeding. The legislation also would have directed the ICC to conduct the acquisition review in an expedited nine-month proceeding, and would have allowed for full ICC and Federal Energy Regulatory Commission review of power purchase agreements related to the acquisition.

Dynegy Inc. provides electricity, natural gas and natural gas liquids to wholesale customers in the United States and to retail customers in the state of Illinois. The company owns and operates a diverse portfolio of energy assets, including power plants totaling approximately 13,00 megawatts of net generating capacity, gas processing plants that process more than 2 billion cubic feet of natural gas per day and approximately 40,000 miles of electric transmission and distribution lines.

Exelon Corporation is one of the nation's largest electric utilities with approximately 5 million customers and more than \$15 billion in annual revenues. The company has one of the industry's largest portfolios of electricity generation capacity, with a nationwide reach and strong positions in the Midwest and Mid-Atlantic. Exelon distributes electricity to approximately 5 million customers in Illinois and Pennsylvania and gas to more than 440,000 customers in the Philadelphia area. Exelon is headquartered in Chicago and trades on the NYSE under the ticker EXC.

Dynegy forward-looking statements

Certain statements included in this news release are intended as "forward-looking statements." These statements include assumptions, expectations, predictions, intentions or beliefs about future events, particularly Dynegy's efforts to improve Illinois Power's financial condition and to create a sustainable cost structure for that business. Dynegy cautions that actual future results may vary materially from those expressed or implied in any forward-looking statements. Among the key factors that could cause actual results to vary materially from those expressed or implied is Dynegy's ability to achieve the level of debt reductions and cost savings necessary to facilitate the desired cost structure at Illinois Power. More information about the risks and uncertainties relating to these forward-looking statements are found in Dynegy's SEC filings, which are available free of charge on the SEC's web site at <http://www.sec.gov>.

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DYNEGY, EXELON TO TERMINATE AGREEMENT
3-3-3-3-3**Exelon forward-looking statements**

Except for the historical information contained herein, certain of the matters discussed in this news release are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by a registrant include those factors discussed herein, as well as the items discussed in (a) the Registrants' 2002 Annual Report on Form 10-K—ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Business Outlook and the Challenges in Managing Our Business for each of Exelon, ComEd, PECO and Generation, (b) the Registrants' 2002 Annual Report on Form 10-K—ITEM 8. Financial Statements and Supplementary Data: Exelon—Note 19, ComEd—Note 16, PECO—Note 18 and Generation—Note 13 and (c) other factors discussed in filings with the United States Securities and Exchange Commission (SEC) by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this release. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this release.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K**CURRENT REPORT****PURSUANT TO SECTION 13 OR 15(d) OF THE****SECURITIES EXCHANGE ACT OF 1934****Date of Report (Date of earliest event reported)**

December 5, 2003

DYNEGY INC.**(Exact name of registrant as specified in its charter)****Illinois**
(State or Other Jurisdiction
of Incorporation)**1-15659**
(Commission File Number)**74-2928353**
(I.R.S. Employer
Identification No.)**1000 Louisiana, Suite 5800**
Houston, Texas 77002
(Address of principal executive offices including Zip Code)**(713) 507-6400**
(Registrant's telephone number, including area code)**N.A.**
(Former name or former address, if changed since last report)

Item 5. Other Events.

On December 5, 2003, Dynegy Inc. ("Dynegy") issued a press release announcing that it is engaged in exclusive discussions with Ameren Corp. related to a possible sale of Illinois Power Company, Dynegy's regulated energy delivery business. A copy of Dynegy's December 5th press release is attached hereto as exhibit 99.1 and is incorporated herein by this reference.

As previously disclosed in its third quarter 2003 Form 10-Q, Dynegy expects to record a charge in the fourth quarter related to an impairment of goodwill associated with Illinois Power. In light of its exclusive discussions with Ameren, Dynegy is continuing to evaluate the fair value of Illinois Power.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

- (a) Financial Statements: Not applicable
- (b) Pro Forma Financial Information: Not applicable
- (c) Exhibits:

<u>Exhibit No.</u>	<u>Document</u>
99.1	Press release dated December 5, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DYNEGY INC.

(Registrant)

Dated: December 8, 2003

By: /s/ J. KEVIN BLODGETT

Name: J. Kevin Blodgett

Title: Corporate Secretary

EXHIBIT INDEX

Exhibit Number	Document
99.1	Press release dated December 5, 2003.

EX-99.1 3 dex991.htm PRESS RELEASE

EXHIBIT 99.1

Dec. 5, 2003

Media: John Sousa or David Byford
(713) 767-5800

Analysts: Katie Pipkin or Jennifer Rosser
(713) 507-6466

**DYNEGY ENTERS INTO EXCLUSIVE DISCUSSIONS
WITH AMEREN REGARDING ILLINOIS POWER**

HOUSTON (Dec. 5, 2003) – Dynegy Inc. (NYSE: DYN) today announced that it is engaged in exclusive discussions with Ameren Corp. (NYSE: AEE) related to a possible sale of Illinois Power Company, Dynegy's regulated energy delivery business.

Any transaction between the parties would be subject to satisfactory completion of Ameren's due diligence, negotiation of final terms and structure, negotiation and execution of definitive agreements, receipt of board of directors and required regulatory approvals, and other conditions.

Dynegy does not anticipate making any further announcements related to a possible sale of Illinois Power until a definitive agreement is reached or the discussions are terminated.

Dynegy Inc. provides electricity, natural gas and natural gas liquids to wholesale customers in the United States and to retail customers in the state of Illinois. The company owns and operates a diverse portfolio of energy assets, including power plants totaling approximately 13,000 megawatts of net generating capacity, gas processing plants that process more than 2 billion cubic feet of natural gas per day and approximately 40,000 miles of electric transmission and distribution lines.

Certain statements included in this news release are intended as "forward-looking statements." These statements include assumptions, expectations, predictions, intentions or beliefs about future events, particularly the entering into of a transaction regarding the sale of Illinois Power Company. Dynegy cautions that actual future results may vary materially from those expressed or implied in any forward-looking statements. Some of the key factors that could cause actual results to vary materially from those expressed or implied include the satisfactory completion of Ameren's due diligence, the parties' ability to negotiate final terms and structure and to negotiate and execute definitive transaction agreements, the receipt of board of directors and required regulatory approvals and the satisfaction of other conditions precedent to the consummation of any such transaction. There can be no assurance that such conditions will be satisfied or that any such transaction will be agreed to or consummated. More information about the risks and uncertainties relating to these forward-looking statements are found in Dynegy's SEC filings, which are available free of charge on the SEC's web site at <http://www.sec.gov>.

###

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) The following documents, which we have filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended, are by this reference incorporated in and made a part of this report:

1. Financial Statements - Our consolidated financial statements are incorporated under Item 8 of this Form 10-K.

2. Financial Statement Schedules

All Financial Statement Schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits

The exhibits filed with this Form 10-K are listed in the Exhibit Index located elsewhere herein. All management contracts and compensatory plans or arrangements set forth in such list are marked with a ~.

(b) Reports on Form 8-K during the quarter ended December 31, 2003:

Current Report on Form ~~8-K~~ dated October 31, 2003. Items 5 and 7 were reported and no financial statements were filed.

Current Report on Form ~~8-K~~ dated November 22, 2003. Items 5 and 7 were reported and no financial statements were filed.

Current Report on Form ~~8-K~~ dated December 5, 2003. Items 5 and 7 were reported and no financial statements were filed.

Exhibit Index

Exhibit

Description

(3)(i) Articles of Incorporation

*Amended and Restated Articles of Incorporation of Illinois Power Company, dated September 7, 1994. Filed as Exhibit 3(a) to the Current Report on Form 8-K dated September 7, 1994 (File No. 1-3004).

(3)(ii) By-Laws

*By-laws of Illinois Power Company, as amended December 14, 1994. Filed as Exhibit 3(b)(1) to the Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 1-3004).

(4) Instruments defining the rights of security holders, including indentures

*4.1 - General Mortgage Indenture and Deed of Trust dated as of November 1, 1992. Filed as Exhibit 4(cc) to the Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-3004).

*4.2 - Supplemental Indenture No. 2 dated March 15, 1993, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the 6 3/4% bonds due 2005. Filed as Exhibit 4(ii) to the Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-3004).

*4.3 - Supplemental Indenture dated July 15, 1993, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the 7 1/2% bonds due 2025. Filed as Exhibit 4(kk) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (File No. 1-3004).

*4.4 - Supplemental Indenture dated August 1, 1993, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the 6 1/2% bonds due 2003. Filed as Exhibit 4(mm) to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (File No. 1-3004).

*4.5 - Supplemental Indenture dated April 1, 1997, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the series P, Q, and R bonds. Filed as Exhibit 4(b) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 1997 (File No. 1-3004).

*4.6 - Supplemental Indenture dated as of March 1, 1998, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the series S bonds. Filed as Exhibit 4.41 to the Registration Statement on Form S-3, filed January 22, 1999 (Registration No. 333-71061).

*4.7 - Supplemental Indenture dated as of March 1, 1998, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the series T bonds. Filed as Exhibit 4.42 to the Registration Statement on Form S-3, filed January 22, 1999 (Registration No. 333-71061).

*4.8 - Supplemental Indenture dated as of September 15, 1998, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the 6% bonds due 2003. Filed as Exhibit 4.46 to the Registration Statement on Form S-3, filed January 22, 1999 (Registration No. 333-71061).

*4.9 - Supplemental Indenture dated as of June 15, 1999, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the 7.5% bonds due 2009. Filed as Exhibit 4.2 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1999 (File No. 1-3004).

*4.10 - Supplemental Indenture dated as of July 15, 1999, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the series U bonds. Filed as Exhibit 4.4 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1999 (File No. 1-3004).

Exhibit Index (Continued)

Exhibit

Description

*4.11 - Supplemental Indenture dated as of July 15, 1999, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the series V bonds. Filed as Exhibit 4.6 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 1999 (File No. 1-3004).

*4.12 - Supplemental Indenture No. 1 dated as of May 1, 2001, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the series W bonds. Filed as Exhibit 4.19 to the Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-3004).

*4.13 - Supplemental Indenture No. 2 dated as of May 1, 2001, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the series X bonds. Filed as Exhibit 4.20 to the Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-3004).

*4.14 - Supplemental Indenture dated as of December 15, 2002, to General Mortgage Indenture and Deed of Trust dated as of November 1, 1992 for the 11 1/2% bonds due 2010. Filed as Exhibit 4.1 to the Current Report on Form 8-K dated December 23, 2002.

(10) Material contracts

*10.1 - Group Insurance Benefits for Managerial Employees of Illinois Power Company as amended January 1, 1983. Filed as Exhibit 10(a) to the Annual Report on Form 10-K for the year ended December 31, 1983 (File No. 1-3004).

*10.2 - Illinois Power Company Retirement Income Plan for Salaried Employees, as amended and restated effective January 1, 1989, as further amended through January 1, 1994. Filed as Exhibit 10(m) to the Annual Report on Form 10-K for the year ended December 31, 1994. (File No. 1-3004).

*10.3 - Illinois Power Company Retirement Income Plan for Employees Covered Under a Collective Bargaining Agreement, as amended and restated effective as of January 1, 1994. Filed as Exhibit 10(n) to the Annual Report on Form 10-K for the year ended December 31, 1994. (File No. 1-3004).

*10.4 - Illinois Power Company Incentive Savings Plan, as amended and restated effective January 1, 2002. Filed as Exhibit 10.3 to the Registration Statement on Form S-8 of Dynegy Inc., Registration No. 333-76570.

†10.5 - First amendment to Illinois Power Company Incentive Savings Plan for Employees Covered Under a Collective Bargaining Agreement Trust Agreement, effective October 1, 2003.

*10.6 - Illinois Power Company Incentive Savings Plan Trust Agreement. Filed as Exhibit 10.4 to the Registration Statement on Form S-8 of Dynegy Inc., Registration No. 333-76570.

*10.7 - Illinois Power Company Incentive Savings Plan for Employees Covered Under a Collective Bargaining Agreement, as amended and restated effective January 1, 2002. Filed as Exhibit 10.5 to the Registration Statement on Form S-8 of Dynegy Inc., Registration No. 333-76570.

*10.8 - Illinois Power Company Incentive Savings Plan for Employees Covered Under a Collective Bargaining Agreement Trust Agreement. Filed as Exhibit 10.6 to the Registration Statement on Form S-8 of Dynegy Inc. Registration No. 333-76570.

*10.9 - Illinois Power Company Supplemental Retirement Income Plan for Salaried Employees, as amended by resolutions adopted by the Board of Directors on June 10-11, 1997. Filed as Exhibit 10(b)(13) to the Annual Report on Form 10-K for the year ended December 31, 1997. (File No. 1-3004).

*10.10 - Registration Rights Agreement dated as of December 20, 2002 among Illinois Power Company and the initial purchasers of the 11 1/2 % Mortgage bonds due 2010. Filed as Exhibit 4.2 to the Current Report on Form 8-K dated December 23, 2002.

Exhibit Index (Continued)

Exhibit

Description

*10.11 - Purchase Agreement dated February 2, 2004 among Dynegy Inc., Illinova Corporation, Illinova Generating Company, and Ameren Corporation (incorporated by reference to Exhibit 2.1 to the Current Report on form 8-K of Dynegy Inc. filed on February 4, 2004, File No. 1-15659).

†10.12 - Severance Agreement and Release dated as of January 27, 2004 among Larry F. Altenbaumer, Dynegy Inc. and Illinois Power Company.~

†10.13 - Contract for Services dated as of January 27, 2004 between Larry F. Altenbaumer and Illinois Power Company.~

†10.14 - Letter Agreement dated as of March 6, 2003 between Dynegy, Inc. and Shawn E. Schukar.~

†12.1 - Statement of Computation of Ratio of Earnings to Fixed Charges

†21.1 - Subsidiaries of Illinois Power Company

†31.1 - Chief Executive Officer Certification Pursuant to Rule 13a-14(a) and 15d-14(a), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

†31.2 - Chief Financial Officer Certification Pursuant to Rule 13a-14(a) and 15d-14(a), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

**32.1 - Chief Executive Officer Certification Pursuant to 18 United States Code section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**32.2 - Chief Financial Officer Certification Pursuant to 18 United States Code section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated herein by reference.

** Pursuant to Securities and Exchange Commission Release No. 33-8238, this certification will be treated as "accompanying" this report and not "filed" as part of such report for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liability of Section 18 of the Exchange Act, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

- Management contract and compensatory plans or arrangements.

† Filed herewith.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported)
October 31, 2003

ILLINOIS POWER COMPANY

(Exact name of registrant as specified in its charter)

Illinois
(State or Other Jurisdiction
of Incorporation)

1-3004
(Commission File Number)

37-0344645
(I.R.S. Employer
Identification No.)

500 South 27th Street
Decatur, Illinois 62521
(Address of principal executive offices including Zip Code)

(217) 424-6600
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Item 5. Other Events

On October 31, 2003, Illinois Power Company (Illinois Power), Dynegy Inc., the ultimate parent company of Illinois Power, and IP Gas Supply Company, a wholly owned subsidiary of Illinois Power, entered into a purchase agreement under which a newly formed subsidiary of Exelon Corporation will acquire substantially all of the assets and liabilities of Illinois Power. The assets included in the transaction consist of approximately 40,000 miles of electric transmission and distribution lines, more than 750 miles of natural gas transmission pipe and 7,600 miles of natural gas distribution lines. Illinois Power, which has more than 1,800 employees and approximately 590,000 electricity customers and 415,000 natural gas customers across northern, central and southern Illinois, currently comprises Dynegy's regulated energy delivery reporting segment.

PURCHASE AGREEMENT

Under the terms of the purchase agreement, which has been approved by each company's board of directors, the Exelon subsidiary will acquire substantially all of Illinois Power's assets and liabilities for \$2.225 billion. The purchase price includes:

- the assumption by Exelon of all of Illinois Power's debt, estimated to be approximately \$1.8 billion at closing;
- a \$150 million promissory note, which is described below; and
- approximately \$275 million of cash, subject to working capital adjustments.

Proceeds from the transaction, with respect to which Dynegy expects to record a book loss, would be used to reduce outstanding indebtedness.

The consummation of the sale is conditioned on, among other things, the elimination of the \$2.3 billion intercompany note between Illinois Power and Illinova Corporation, a Dynegy subsidiary and Illinois Power's direct parent company. The sale is also conditioned on the receipt of all regulatory approvals as specified in the purchase agreement, including approvals from the Illinois Commerce Commission (ICC), the Federal Energy Regulatory Commission (FERC), the Securities and Exchange Commission (SEC), and other governmental and regulatory agencies, as well as the passage of legislation that is expected to be introduced in the Illinois General Assembly during its November veto session, which ends on November 20, 2003. This legislation would authorize the ICC to consider the sale transaction and proposed rate plan for ComEd, Exelon's Illinois utility subsidiary, and Illinois Power in a single proceeding and render a decision on both issues in a nine-month review process. The proposed rate plan contemplates rate increases for both ComEd and Illinois Power beginning in 2007.

The proposed legislation provides for an immediate effective date, which requires passage by vote of at least three-fifths of each house of the General Assembly. If the legislation passes by a three-fifths super-majority vote in the November veto session and is promptly signed into law by the Governor, then it would become effective in late November. After the legislation becomes effective, a petition would be filed with the ICC in December, which would start the nine-month review with a decision expected in September 2004. Filings with FERC and the SEC are expected to be made around the same time as the filing of the petition with the ICC. Rulings by FERC and the SEC are currently anticipated within a few months following the ICC's decision. Pending these state and federal approvals, the sale is expected to close in the fourth quarter of 2004. Approval of the legislation by less than a three-fifths super-majority would delay its effective date, as well as the filings with the ICC, FERC and SEC, until July 2004, and delay the decision by the ICC until early 2005.

The purchase agreement may be terminated upon the occurrence of certain events, including:

- if the closing shall not have occurred on or before December 31, 2004; or
- if the above-described Illinois legislation does not become effective within 60 days of the end of the legislative session of the Illinois General Assembly scheduled to begin in January 2004.

PROMISSORY NOTE

As indicated above, the purchase price includes a \$150 million promissory note which bears interest at 5 percent per annum, payable quarterly, matures in December 2010 and is subject to mandatory prepayment or extension upon the occurrence of specified events, including those relating to credit ratings upgrades obtained by Dynegy and contingent environmental liabilities retained by Illinois Power. Should one of these specified prepayment events occur prior to the closing, the promissory note would not be issued and Dynegy would receive the related \$150 million in cash at closing.

POWER PURCHASE AGREEMENT

In a related agreement that is conditioned upon the closing of the transaction, Dynegy has contracted to sell 6,000 megawatts (MWs) of generating capacity to an Exelon subsidiary for six years beginning in January 2005. It is anticipated that this arrangement will be in place concurrently with the termination of Dynegy's power purchase agreement with Illinois Power and the closing of the transaction.

INCORPORATION BY REFERENCE

A copy of the purchase agreement is incorporated in this report as Exhibit 2.1 and a copy of Dynegy's press release with respect to the transaction is incorporated in this report as Exhibit 99.1. The Purchase Agreement and the press release are incorporated in this Item 5 by reference. The foregoing description of the purchase agreement and the press release and the transactions contemplated thereby or discussed therein are qualified in their entirety by reference to such exhibits.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

- (a) Financial Statements: Not applicable
- (b) Pro Forma Financial Information: Not applicable
- (c) Exhibits:

<u>Exhibit No.</u>	<u>Document</u>
2.1	Purchase Agreement dated October 31, 2003 among Dynegy Inc., Illinois Power Company, IP Gas Supply Company, Exelon Energy Delivery Company, L.L.C. and New IP Company (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Dynegy Inc. filed on November 4, 2003, File No. 1-15659).
99.1	Press release dated November 3, 2003 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Dynegy Inc. filed on November 4, 2003, File No. 1-15659).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ILLINOIS POWER COMPANY
(Registrant)

Dated: November 5, 2003

By: /s/ J. KEVIN BLODGETT

Name: J. Kevin Blodgett

Title: Assistant Secretary

EXHIBIT INDEX

Exhibit No.	Document
2.1	Purchase Agreement dated October 31, 2003 among Dynegy Inc., Illinois Power Company, IP Gas Supply Company, Exelon Energy Delivery Company, L.L.C. and New IP Company (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Dynegy Inc. filed on November 4, 2003, File No. 1-15659).
99.1	Press release dated November 3, 2003 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Dynegy Inc. filed on November 4, 2003, File No. 1-15659).

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported)
November 22, 2003

ILLINOIS POWER COMPANY

(Exact name of registrant as specified in its charter)

Illinois
(State or Other Jurisdiction
of Incorporation)

1-3004
(Commission File Number)

37-0344645
(I.R.S. Employer
Identification No.)

500 South 27th Street
Decatur, Illinois 62521
(Address of principal executive offices including Zip Code)

(217) 424-6600
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Item 5. Other Events

On November 22, 2003, Dynegy Inc. ("Dynegy"), the ultimate parent company of Illinois Power Company ("Illinois Power"), and Exelon Corporation ("Exelon") issued a joint press release announcing that the Illinois General Assembly did not act in the fall legislative session to approve the legislation necessary to facilitate Exelon's proposed acquisition of Illinois Power. In the absence of the legislation, Dynegy and Exelon terminated the existing agreement through which Exelon would have acquired substantially all of the assets and liabilities of Illinois Power.

A copy of the November 22nd joint press release is incorporated in this report as Exhibit 99.1. The joint press release is incorporated in this Item 5 by reference. The foregoing description of the press release and the matters discussed therein are qualified in their entirety by reference to such exhibit. The press release contains statements intended as "forward-looking statements" which are subject to the cautionary statements about forward-looking statements set forth therein.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

- (a) Financial Statements: Not applicable
- (b) Pro Forma Financial Information: Not applicable
- (c) Exhibits:

<u>Exhibit No.</u>	<u>Document</u>
99.1	Joint press release dated November 22, 2003 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Dynegy Inc. filed on November 24, 2003, File No. 1-15659).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ILLINOIS POWER COMPANY
(Registrant)

Dated: November 24, 2003

By: /s/ J. KEVIN BLODGETT

Name: J. Kevin Blodgett
Title: Assistant Secretary

EXHIBIT INDEX

Exhibit No.	Document
99.1	Joint press release dated November 22, 2003 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Dynegy Inc. filed on November 24, 2003, File No. 1-15659).

8-K 1 d8k.htm FORM 8-K

SECURITIES AND EXCHANGE COMMISSION**Washington, D.C. 20549**

FORM 8-K**CURRENT REPORT****PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934****Date of Report (Date of earliest event reported) December 5, 2003**

ILLINOIS POWER COMPANY**(Exact name of registrant as specified in its charter)****Illinois**
(State or Other
Jurisdiction of Incorporation)**1-3004**
(Commission File Number)**37-0344645**
(I.R.S. Employer
Identification No.)**500 South 27th Street**
Decatur, Illinois 62521
(Address of principal executive offices including Zip Code)**(217) 424-6600**
(Registrant's telephone number, including area code)**Not Applicable**
(Former name or former address, if changed since last report)

Item 5. Other Events

On December 5, 2003, Dynegy Inc. ("Dynegy"), the indirect parent company of Illinois Power Company ("Illinois Power"), issued a press release announcing that it is engaged in exclusive discussions with Ameren Corp. related to a possible sale of Illinois Power. A copy of Dynegy's press release is incorporated in this report as Exhibit 99.1 and is incorporated in this Item 5 by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements: Not applicable

(b) Pro Forma Financial Information: Not applicable

(c) Exhibits:

<u>Exhibit No.</u>	<u>Document</u>
99.1	Press release dated December 5, 2003 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Dynegy Inc. filed on December 8, 2003, File No. 1-15659).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ILLINOIS POWER COMPANY
(Registrant)

Dated: December 8, 2003

By: /s/ J. KEVIN BLODGETT

Name: J. Kevin Blodgett
Title: Assistant Secretary

EXHIBIT INDEX

Exhibit No.	Document
99.1	Press release dated December 5, 2003 (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Dynegy Inc. filed on December 8, 2003, File No. 1-15659).

-----BEGIN PRIVACY-ENHANCED MESSAGE-----

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Originator-Key-Asymmetric:

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CONFORMED SUBMISSION TYPE: 8-K

PUBLIC DOCUMENT COUNT: 2

CONFORMED PERIOD OF REPORT: 19940928

ITEM INFORMATION: Acquisition or disposition of assets

FILED AS OF DATE: 19940929

SROS: NONE

FILER:

COMPANY DATA:

COMPANY CONFORMED NAME:	ILLINOIS POWER CO
CENTRAL INDEX KEY:	0000049816
STANDARD INDUSTRIAL CLASSIFICATION:	4931
IRS NUMBER:	370344645
STATE OF INCORPORATION:	IL
FISCAL YEAR END:	1231

FILING VALUES:

FORM TYPE:	8-K
SEC ACT:	1934 Act
SEC FILE NUMBER:	001-03004
FILM NUMBER:	94550893

BUSINESS ADDRESS:

STREET 1:	500 S 27TH ST
STREET 2:	C/O HARRIS TRUST & SAVINGS BANK
CITY:	DECATUR
STATE:	IL
ZIP:	62525-1805
BUSINESS PHONE:	2174246600

FORMER COMPANY:

FORMER CONFORMED NAME:	ILLINOIS IOWA POWER CO
DATE OF NAME CHANGE:	19660822

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
September 7, 1994

ILLINOIS POWER COMPANY
(Exact name of registrant as specified in its charter)

State of Illinois	1-3004	37-0344645
(State or jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

500 South 27th Street, Decatur, Illinois	62525-1805
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code
217-424-6600

Item 5. Other Events

On September 7, 1994, the Registrant filed amended and restated Articles of Incorporation with the Office of the Illinois Secretary of State. A copy of the Articles is filed herewith as Exhibit 3(a).

Item 7. Financial Statements and Exhibits

Exhibit

 3(a) Amended and Restated
 Articles of Incorporation
 of Illinois Power Company

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ILLINOIS POWER COMPANY
 (Registrant)

September 29, 1994

By \s\Alec G. Dreyer

 (Date)

 Alec G. Dreyer
 Controller

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AMENDED AND RESTATED
 ARTICLES OF INCORPORATION
 OF
 ILLINOIS POWER COMPANY

1. Illinois Power Company (the "Corporation" or the "Company") was incorporated on May 25, 1923 under the name of Illinois Power and Light Corporation.

2. The Corporation adopted the name Illinois Iowa Power Company, effective May 1, 1937, and the name Illinois Power Company, effective November 1, 1943.

3. The address of the registered office of the Corporation is 500 South 27th Street, Decatur, Illinois 62525 and the name of the registered agent of the Corporation is Leah Manning Stetzner.

4. The amendment to the Articles of Incorporation is a restatement, and the Articles of Incorporation are restated on August 10, 1994, in their entirety, to read as follows:

ARTICLE I

The name of the Corporation is Illinois Power Company.

ARTICLE II

The duration of the Corporation is perpetual.

ARTICLE III

The location of the principal office of the Corporation is 500 South 27th Street, Decatur, Illinois 62525.

ARTICLE IV

The purposes for which the Corporation is organized are to engage in the businesses of (a) manufacturing, generating, producing, buying, transmitting, distributing and selling electric energy and artificial and natural gas for light, heat, power and other purposes, (b) buying, selling and dealing in real and personal property of every kind and description and (c) any kind in which corporations are permitted or may hereafter be permitted to engage under the laws of the State of Illinois.

ARTICLE V

The aggregate number of shares which the Corporation is authorized to issue is 115,000,000, divided into four classes. The designation of each class, the number of shares of each class, and the par value, if any, of the shares of each class, or a statement that the shares of any class are without par value, are as follows:

- (a) 5,000,000 shares of Serial Preferred Stock of the par value of \$50 per share (the "Serial Preferred Stock");
- (b) 5,000,000 shares of Serial Preferred Stock without par value (the "Serial Preferred Stock without par value");
- (c) 5,000,000 shares of Preference Stock without par value (the "Preference Stock"); and
- (d) 100,000,000 shares of Common Stock without par value (the "Common Stock").

There are now issued and outstanding 75,643,937 shares of Common Stock and 6,420,300 shares of Preferred Stock, and the paid-in capital for all outstanding shares of the Corporation is \$1,763,623,496.

The authorized shares of Serial Preferred Stock and Serial Preferred Stock without par value include the following described shares now issued and outstanding:

Number of Shares	Designation of Series
300,000	4.08% Serial Preferred Stock
150,000.	4.26% Serial Preferred Stock
200,000	4.70% Serial Preferred Stock
150,000	4.42% Serial Preferred Stock
180,000	4.20% Serial Preferred Stock
600,000	8.24% Serial Preferred Stock
700,000	7.56% Serial Preferred Stock
1,000,000	8 % Serial Preferred Stock
1,000,000	Adj. Rate Series A Serial Preferred Stock without par value
910,300	Adj. Rate Series B Serial Preferred Stock without par value
360,000	8.00% Serial Preferred Stock without par value
870,000	7 3/4% Serial Preferred Stock

All shares of Serial Preferred Stock shall constitute one class of stock and all shares of Serial Preferred Stock without par value shall constitute one class of stock, in each case, regardless of the designation thereof. All shares of Serial Preferred Stock and all shares of Serial Preferred Stock without par value shall be of equal rank and shall confer equal rights upon the holders thereof except as to variations between different series and the relative rights and preferences thereof as permitted or contemplated by the resolutions of the Board of Directors of the Corporation fixing and determining the relative rights and preferences of the shares of any such series. The term "Preferred Stock", when hereafter used, shall mean the Serial Preferred Stock and the Serial Preferred Stock without par value.

The term "subordinate stock", when hereinafter used with reference to stock junior to the Serial Preferred Stock and the Serial Preferred Stock without par value, means the Preference Stock, the Common Stock and stock of any other class, which may hereafter be authorized, ranking junior to the Serial Preferred Stock, and Serial Preferred Stock without par value with respect to the payment of dividends or the distribution of assets; and, when hereinafter used with reference to stock junior to the Preference Stock, means the Common Stock and stock of any other class, which may hereafter be authorized, ranking junior to the Preference Stock with respect to the payment of dividends or the distribution of assets.

The preferences, qualification, limitations, restrictions, and the special and relative rights in respect of the shares of each class are as follows:

1. PROVISIONS RELATING TO PREFERRED STOCK

(a) Authority is hereby expressly vested in the Board of Directors of the Corporation to divide, and to provide for the

issue from time to time of, the Serial Preferred Stock and Serial Preferred Stock without par value in series and to fix and determine as to each series:

(i) The annual dividend rate for the particular series and the date from which dividends on all shares of such series issued prior to the record date for the first dividend payment date for such series shall be cumulative;

(ii) The redemption price per share for the particular series, which (exclusive of accrued and unpaid dividends) shall not exceed 120% of the amount per share of the consideration for which shares of such series are to be issued;

(iii) The amount or amounts per share for the particular series payable to the holders thereof in case of dissolution, liquidation or winding up of the affairs of the Corporation or upon any distribution of its capital, but such amount or amounts (exclusive of accrued and unpaid dividends) shall not exceed the par value of the shares which are to be issued if such shares have a par value;

(iv) The rights, if any, of the holders of the shares of the particular series to convert such shares into shares of stock of the Corporation of another class, with any provision for the subsequent adjustment of such conversion rights;

(v) The sinking fund provisions, if any, for the redemption or purchase of such shares (the term "sinking fund", as used herein, includes any analogous fund, however designated);

(vi) Any other variations in the relative rights and preferences as between different series, not inconsistent with the provisions of the Restated Articles of Incorporation, as amended, to the full extent which may hereafter be permitted by the laws of Illinois; and

(vii) The number of shares constituting the particular series.

The Board of Directors is also authorized, from time to time, to fix and determine the relative rights and preferences of the authorized but unissued shares of Preferred Stock of any series theretofore established, in respect of which either the relative rights and preferences have not been fixed and determined or the relative rights and preferences theretofore fixed and determined are to be changed.

Shares of Preferred Stock redeemed, or purchased and cancelled, or converted into shares of stock of the Corporation of another class, as may have been theretofore provided, shall be and shall be deemed to be authorized but unissued shares of Serial Preferred Stock or Serial Preferred Stock without par value, as the case may be, undesignated as to series.

All shares of the Preferred Stock of any one series shall be identical with each other in all respects, except that shares of any one series issued at different times may differ as to the

dates from which dividends thereon shall be cumulative. No dividend shall be declared on any series of the Preferred Stock in respect of any quarter-yearly dividend period unless there shall likewise be or have been declared on all shares of the Preferred Stock of each other series at the time outstanding like proportionate dividends ratably in proportion to the respective annual dividend rates fixed therefor, as hereinbefore provided. On any liquidation, dissolution or winding up of the Corporation, in the event that the amounts payable with respect to all series of the Preferred Stock are not paid in full, the shares of all series of the Preferred Stock shall share ratably in accordance with the respective amounts which would be payable on said shares if all amounts payable were discharged in full.

(b) Before any dividends on subordinate stock shall be paid or declared, the holders of Preferred Stock at the time outstanding shall be entitled to receive, but only when and as declared, out of any surplus legally available for the declaration of dividends, cumulative dividends at the annual dividend rate for the particular series theretofore fixed by the Board of Directors as hereinbefore provided, payable quarter-yearly on the first days of February, May, August and November in each year, to shareholders of record on the respective dates, not exceeding forty and not less than ten days preceding such dividend payment dates, fixed for the purpose by the Board of Directors in advance of the payment of each particular dividend. Such dividends on shares of Preferred Stock shall be cumulative, in the case of all shares of each particular series:

(i) if issued prior to the record date for the first dividend on the shares of such series, then from the date theretofore fixed for the purpose by the Board of Directors as hereinbefore provided;

(ii) if issued during the period commencing immediately after a record date for a dividend on the shares of such series and terminating at the close of the payment date for such dividend, then from said last mentioned dividend payment date; and

(iii) otherwise from the quarter-yearly dividend payment date next preceding the date of issue of such shares;

so that if dividends on all outstanding shares of each particular series of Preferred Stock, at the annual dividend rate fixed as hereinbefore provided, shall not have been paid for all past quarter-yearly dividend periods, and the full dividends thereon at said rate for the current quarter-yearly dividend period shall not have been paid, or declared and set apart for payment, the deficiency shall be fully paid or dividends equal thereto declared and set apart for payment at said rate, but without interest on cumulative dividends, before any dividends shall be declared or any distribution made on subordinate stock. The holders of Preferred Stock shall not be entitled to receive any dividends thereon other than the dividends referred to in this subdivision (b).

(c) After all dividends on Preferred Stock of all series for all past quarter-yearly dividend periods shall have been paid or declared, and not otherwise, such dividends (payable in cash,

stock or otherwise) as may be determined by the Board of Directors may be declared and paid on subordinate stock from time to time out of surplus legally available for the declaration of dividends.

(d) The Corporation, at the option of the Board of Directors, may redeem the whole or any part of the Preferred Stock at the time outstanding, or the whole or any part of any series thereof, at any time or from time to time, by paying such redemption price therefor as shall have been fixed by the Board of Directors as hereinbefore provided, together with a sum in the case of each share so to be redeemed, computed at the annual dividend rate for the series of which the particular share is a part from the date from which dividends on such share became cumulative to the date fixed for such redemption, less the aggregate of the dividends theretofore or on such redemption date paid thereon. Notice of every such redemption shall be given by publication, published at least once in a daily newspaper printed in the English language and published and of general circulation in The City of Chicago, Illinois, such publication to be at least thirty days and not more than sixty days prior to the date fixed for such redemption. At least thirty days' and not more than sixty days' previous notice of every such redemption shall also be mailed to the holders of record of the Preferred Stock to be redeemed, at their respective addresses as the same shall appear on the books of the Corporation; but no failure to mail such notice nor any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of Preferred Stock so to be redeemed. In case of the redemption of a part only of any series of Preferred Stock at the time outstanding, the Corporation shall select by lot or in such other manner as the Board of Directors may determine, the shares so to be redeemed. The Board of Directors shall have full power and authority, subject to the limitations and provisions herein contained, to prescribe the manner in which and the terms and conditions upon which Preferred Stock shall be redeemed from time to time. If such notice of redemption shall have been duly given by publication, and if on or before the redemption date specified in such notice all funds necessary for such redemption shall have been set aside so as to be available therefor, then, notwithstanding that any certificate for the shares of Preferred Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, the right to receive dividends thereon shall cease to accrue from and after the date of redemption so fixed, and all rights with respect to such shares of Preferred Stock so called for redemption shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable upon redemption thereof, but without interest; provided, however, that the Corporation may, after giving notice by publication of any such redemption and prior to the redemption date specified in such notice, deposit in trust, for the account of the holders of Preferred Stock to be redeemed, with a bank or trust company in good standing organized under the laws of the United States of America or of the State of Illinois, doing business in The City of Chicago, Illinois, having a capital surplus and undivided profits aggregating at least \$5,000,000 all funds necessary for such redemption, and thereupon all shares of Preferred Stock with respect to which such deposit shall have been made shall no

longer be deemed to be outstanding, and all rights with respect to such shares of Preferred Stock shall forthwith upon such deposit in trust cease and terminate, except the rights of the holders thereof to receive the amount payable upon the redemption thereof, but without interest, and to convert such shares into shares of stock of the Corporation of another class within the limitations for the particular series theretofore prescribed by the Board of Directors as hereinbefore provided.

(e) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation or any distribution of its capital, then before any distribution shall be made to the holders of subordinate stock the holders of shares of Preferred Stock at the time outstanding shall be entitled to be paid in cash such amount as shall have been fixed by the Board of Directors as hereinbefore provided, together with a sum in the case of each such share, computed at the annual dividend rate for the series of which the particular share is a part from the date from which dividends on such shares became cumulative to the date fixed for the payment of such distributive amounts, less the aggregate of dividends theretofore or on such date paid thereon. After such payment to the holders of Preferred Stock the remaining assets and funds of the Corporation shall be divided and distributed among the holders of subordinate stock then outstanding, according to their respective rights.

(f) (1) The Corporation shall not, without the consent (given by vote at a meeting called for that purpose) of the holders of at least a majority of the total number of shares of Preferred Stock then outstanding, issue any unsecured notes, debentures or other securities representing unsecured indebtedness, or assume any such unsecured indebtedness, for purposes other than

(A) the refunding of outstanding unsecured indebtedness theretofore issued or assumed by the Corporation,

(B) the reacquisition, redemption or other retirement of any indebtedness which reacquisition, redemption or other retirement has been approved by any regulatory authority having jurisdiction in the premises, or

(C) the reacquisition, redemption or other retirement of all outstanding shares of Preferred Stock or of any other class of stock ranking prior to, or on a parity with, Preferred Stock as to dividends or other distributions,

if immediately after such issue or assumption the total principal amount of all unsecured notes, debentures or other securities representing unsecured indebtedness issued or assumed by the Corporation including unsecured indebtedness then to be issued or assumed would exceed twenty per cent (20%) of the aggregate of

(a) the total principal amount of all bonds or other securities representing secured indebtedness issued or assumed by the Corporation and then to be outstanding, and

(b) the capital and surplus of the Corporation as then to be stated on the books of account of the Corporation.

(2) The Corporation shall not, without the consent (given by vote at a meeting called for that purpose) of the holders of at least two-thirds of the total number of shares of Preferred Stock then outstanding, issue, sell, or otherwise dispose of any shares of Preferred Stock, or of any other class of stock ranking prior to, or on a parity with, Preferred Stock as to dividends, in liquidation, dissolution, winding up or distribution, unless the net income of the Corporation determined in conformity with generally accepted accounting principles, adjusted for miscellaneous income and expense net, plus the gross amount deducted for interest on all interest bearing indebtedness of the Corporation in determining net income for a period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the issuance, sale or disposition of such stock, to be available for the payment of interest shall have been at least one and one-half (1 1/2) times the sum of (a) the annual interest charges on all interest-bearing indebtedness of the Corporation and (b) the annual dividend requirements on all outstanding shares of Preferred Stock and of all other classes of stock ranking prior to, or on a parity with, Preferred Stock as to dividends or distributions, including the shares proposed to be issued; provided that, there shall be excluded from the foregoing computation, interest charges on all indebtedness and dividends on all shares of stock which are to be retired in connection with the issue of such additional shares of Preferred Stock or other class of stock ranking prior to, or on a parity with, Preferred Stock as to dividends or distributions; and provided, further, that in any case where such additional shares of Preferred Stock or other class of stock ranking prior to, or on a parity with, Preferred Stock as to dividends or distributions, are to be issued in connection with the acquisition of new property, the net income of the property to be so acquired, determined and adjusted in the same manner as the net income of the Corporation is to be determined and adjusted as set forth above, may be included on a pro forma basis in the foregoing computation.

(g) If any shares of Preferred Stock are outstanding, the Corporation shall not create any new class of stock having rights and preferences prior and superior to Preferred Stock, or change the preferences, qualifications, limitations, restrictions, or special or relative rights of the shares of Preferred Stock, without the affirmative consent (given in writing or at a meeting duly called for that purpose) of the holders of two-thirds of the aggregate number of shares of Preferred Stock (regardless of series) then outstanding; provided, however, that if any such change shall affect less than all series of Preferred Stock, then such affirmative consent shall also be required of the holders of two-thirds of the aggregate number of shares of Preferred Stock of the particular series so affected. Subject to the foregoing provisions, the Corporation reserves the right to amend, alter, change or repeal in the manner now or hereafter prescribed by law any provision contained in the Restated Articles of Incorporation or in any resolution of the Board of Directors establishing and designating a series of Preferred Stock and fixing or determining the relative rights and preferences thereof contained in any statement filed with the Secretary of State of Illinois as required by the laws of Illinois; and all rights herein conferred upon the stockholders are granted subject to this reservation.

(h) No holder of Preferred Stock shall be entitled as such as a matter of right to subscribe for or purchase any part of any new or additional issue of stock or securities convertible into stock, of any class whatever, whether now or hereafter authorized, and whether issued for cash, property, services or otherwise.

(i) 4.08% Cumulative Preferred Stock. A series of Serial Preferred Stock is designated as "4.08% Cumulative Preferred Stock" and has the following relative rights and preferences:

(a) The number of shares constituting the 4.08% Cumulative Preferred Stock is 300,000.

(b) The annual dividend rate on the 4.08% Cumulative Preferred Stock shall be \$2.04 per share in cash, and no more, and the date from which dividends on all shares of such series issued prior to the record date for the first dividend payment date on such series shall be cumulative shall be the date of issue thereof.

(c) The redemption price for the 4.08% Cumulative Preferred Stock (exclusive of accrued and unpaid dividends), to be paid in cash, shall be \$51.50 per share.

(d) The amount payable to the holders of the 4.08% Cumulative Preferred Stock upon voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation or upon any distribution of its capital shall be at the rate of \$50 per share in cash (exclusive of accrued and unpaid dividends).

(j) 4.26% Cumulative Preferred Stock. A series of Serial Preferred Stock is designated as "4.26% Cumulative Preferred Stock" and has the following relative rights and preferences:

(a) The number of shares constituting the 4.26% Cumulative Preferred Stock is 150,000.

(b) The annual dividend rate on the 4.26% Cumulative Preferred Stock shall be \$2.13 per share in cash, and no more, and the date from which dividends on all shares of such series issued prior to the record date for the first dividend payment date on such series shall be cumulative shall be the date of issue thereof.

(c) The redemption price for the 4.26% Cumulative Preferred Stock (exclusive of accrued and unpaid dividends), to be paid in cash, shall be \$51.50 per share.

(d) The amount payable to the holders of the 4.26% Cumulative Preferred Stock upon voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation or upon any distribution of its capital shall be at the rate of \$50 per share in cash (exclusive of accrued and unpaid dividends).

(k) 4.70% Cumulative Preferred Stock. A series of Serial Preferred Stock is designated as "4.70% Cumulative Preferred

Stock" and has the following relative rights and preferences:

(a) The number of shares constituting the 4.70% Cumulative Preferred Stock is 200,000.

(b) The annual dividend rate on the 4.70% Cumulative Preferred Stock shall be \$2.35 per share in cash, and no more, and the date from which dividends on all shares of such series issued prior to the record date for the first dividend payment date on such series shall be cumulative shall be the date of issue thereof.

(c) The redemption price for the 4.70% Cumulative Preferred Stock (exclusive of accrued and unpaid dividends), to be paid in cash, shall be \$51.50 per share.

(d) The amount payable to the holders of the 4.70% Cumulative Preferred Stock upon voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company or upon any distribution of its capital shall be at the rate of \$50 per share in cash (exclusive of accrued and unpaid dividends).

(1) 4.42% Cumulative Preferred Stock. A series of Serial Preferred Stock is designated as "4.42% Cumulative Preferred Stock" and has the following relative rights and preferences:

(a) The number of shares constituting the 4.42% Cumulative Preferred Stock is 150,000.

(b) The annual dividend rate on the 4.42% Cumulative Preferred Stock shall be \$2.21 per share in cash, and no more, and the date from which dividends on all shares of such series issued prior to the record date for the first dividend payment date on such series shall be cumulative shall be the date of issue thereof.

(c) The redemption price for the 4.42% Cumulative Preferred Stock (exclusive of accrued and unpaid dividends), to be paid in cash, shall be \$51.50 per share.

(d) The amount payable to the holders of the 4.42% Cumulative Preferred Stock upon voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company or upon any distribution of its capital shall be at the rate of \$50 per share in cash (exclusive of accrued and unpaid dividends).

(m) 4.20% Cumulative Preferred Stock. A series of Serial Preferred Stock is designated as "4.20% Cumulative Preferred Stock" and has the following relative rights and preferences:

(a) The number of shares constituting the 4.20% Cumulative Preferred Stock is 180,000.

(b) The annual dividend rate on the 4.20% Cumulative Preferred Stock shall be \$2.10 per share in cash, and no more, and the date from which dividends on all shares of such series issued prior to the record date for the first dividend payment on such series shall be cumulative shall be the date of issue

thereof.

(c) The redemption price for the 4.20% Cumulative Preferred Stock (exclusive of accrued and unpaid dividends), to be paid in cash, shall be \$52.00 per share.

(d) The amount payable to the holders of the 4.20% Cumulative Preferred Stock upon voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation or upon any distribution of its capital shall be at the rate of \$50 per share in cash (exclusive of accrued and unpaid dividends).

(n) 8.24% Cumulative Preferred Stock. A series of Serial Preferred Stock is designated as "8.24% Cumulative Preferred Stock" and has the following relative rights and preferences:

(a) The number of shares constituting the 8.24% Cumulative Preferred Stock is 600,000.

(b) The annual dividend rate on the 8.24% Cumulative Preferred Stock shall be \$4.12 per share in cash, and no more, and the date from which dividends on all shares of such series issued prior to the record date for the first dividend payment on such series shall be cumulative shall be the date of issue thereof.

(c) The redemption price for the 8.24% Cumulative Preferred Stock (exclusive of accrued and unpaid dividends), to be paid in cash, shall be \$51.90 per share.

(d) The amount payable to the holders of the 8.24% Cumulative Preferred Stock upon voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company or upon any distribution of its capital shall be at the rate of \$50 per share in cash (exclusive of accrued and unpaid dividends).

(o) 7.56% Cumulative Preferred Stock. A series of Serial Preferred Stock is designated as "7.56% Cumulative Preferred Stock" and has the following relative rights and preferences:

(a) The number of shares constituting the 7.56% Cumulative Preferred Stock is 700,000.

(b) The annual dividend rate on the 7.56% Cumulative Preferred Stock shall be \$3.78 per share in cash, and no more, and the date from which dividends on all shares of such series issued prior to the record date for the first dividend payment on such series shall be cumulative shall be the date of issue thereof.

(c) The redemption price for the 7.56% Cumulative Preferred Stock (exclusive of accrued and unpaid dividends), to be paid in cash, shall be \$51.685 per share.

(d) The amount payable to the holders of the 7.56% Cumulative Preferred Stock upon voluntary or involuntary dissolution, liquidation or winding up of the affairs of the